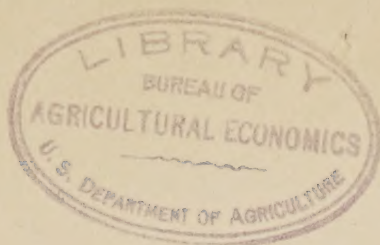


Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.



1.9
ag81Int
DEC 14 1933

Release - Immediate

May 9, 1933.

INTERNATIONAL WHEAT MEETING
- - - - -

In response to many inquiries the U.S. Department of Agriculture issues the following statement on the International Wheat Conference which opens at Geneva, May 10:

Two international wheat conferences have already been held to discuss the wheat problem. The first was held at Rome several years ago; the second, with only exporting nations represented, was held two years ago at London. ¹⁹³¹ At the London conference many of the exporting countries suggested the desirability of entering into an international agreement limiting the quantity of wheat exported from each country and so to check the decline in wheat prices on world markets which had resulted from the effort of the exporting countries to sell larger quantities than the importing countries were in position to buy. Nothing came of these suggestions, largely because the United States was not then in position to agree to restrict either production or exports.

The continued decline in prices in general and wheat prices in particular during subsequent years has intensified the problem. The excess supplies of wheat have been maintained, although the purchases of wheat by oriental countries have been stimulated by the exceptionally low prices prevailing and although the quantity of wheat used in this country for feeding livestock has been increased. Production continued to outrun consumption through 1930 and 1931. In 1932, with short crops in Russia, the Danube Basin, and the United States, production and consumption were just about balanced. As a whole, however, world supplies of wheat are still

excessive and the marked advances in prices which have recently occurred in this country have not been accompanied by parallel advances on foreign markets.

The policies of economic nationalism which had already developed in Europe prior to the world depression had been intensified during the period of declining prices. Every important European country which imported wheat now restricts its importation in one way or another, either by tariffs, milling quotas, import quotas or exchange regulations, and in some cases by several of these at the same time. As a consequence the price to producers within most of these countries has been maintained during most of this period at almost the same level as prevailed prior to the depression. In spite of the low prices on world markets production and acreage of wheat in these countries continued to increase. In 1932, with an unusually high yield per acre, both Germany and France were in the unusual position of producing about as much wheat as they needed for domestic purposes, and were forced to take extraordinary measures to prevent their internal prices declining to the low world level.

The high price of wheat in the importing countries of Europe has tended to hold down consumption in those countries at the same time that it was adding to the world's excess stocks. Although acreage in exporting countries has decreased during the period of depression, the reduction has not been sufficient to offset increased production and reduced consumption in the other countries. Meanwhile, Argentina and Australia were forced to market their wheat regardless of the price it would bring. After they abandoned the gold standard, the low price at which their wheat was selling in terms of gold was partly offset by the depreciation in their exchanges, so that their producers were able to go ahead and pay their debts in spite of exceedingly low prices at which their wheat sold in terms of gold.

The competition of these other exporting countries, who could always under-cut us in world markets no matter how cheaply we offered our wheat, has almost completely eliminated the wheat export business in the United States over the last two years. Although we have had large supplies of wheat available for export, practically none has moved out of the country. It was largely as a result of this circumstance that the domestic carry-over of wheat at the beginning of the 1932 season totaled over 360,000,000 bushels within the United States-- an all-time record.

The low and unsatisfactory prices prevailing for wheat during the last two years has turned the attention of all major exporting countries to a direct attack on the problem of excessive supplies. The Danubian countries have tried to meet the situation by arrangements with the importing European countries which would give Danubian states special preference in those markets. Since the Danubian countries had relatively little to offer in return, however, and since the great overseas wheat exporting countries, Canada, Argentina, Australia, and the United States, have kept a jealous eye on any special privileges accorded their European competitors, these negotiations have so far produced little results. In 1932 the Danubian region suffered a severe crop failure. There was very little wheat for export from those countries and the question of Danubian preferences was temporarily eliminated. This question has been raised again by the Danubian countries, however, at the Strassa Conference and the tentative agenda for the World Economic Conference include a special reference to this phase of the problem.

The increased interest in farm relief legislation in the United States directly aimed at restricted production has been paralleled by increased interest in restricting production in other countries. Last fall when the economic experts from the several countries met at Geneva to draft the tentative agenda for the World Economic Conference the Argentine Government made a definite suggestion covering: "The reduction of the areas sown in the chief exporting countries and their

limitation in importing countries as a means of absorbing gradually the abnormal stocks which have accumulated through the failure of supply to adjust itself naturally to demand." Similar interest in the subject has been developed in Canada, especially in the prairie provinces where the great part of Canadian wheat is grown. During the winter the Premiers of the prairie provinces made a formal request to the Canadian Government that Canada take the initiative in calling a conference of the principal wheat exporting countries to consider the problem. Nothing was done in response to this suggestion at the time, however.

Australian currency has suffered more depreciation than has Canadian. As a result, the prices received for wheat have seemed somewhat more favorable to Australian farmers than they have seemed to Canadian farmers, so the interest in international restrictions has not been as keen in Australia as in Canada.

The calling of a conference of wheat experts at Geneva which meets on May 10 is the latest development in the international wheat situation. This conference resulted from inquiries sent out from the Economic Relations Section of the League of Nations following informal discussions of the subject with the four major exporting countries. Each of these four countries was invited to send experts to Geneva to study the question and prepare a report. This meeting was not arranged as an international conference, but rather as an occasion when the wheat experts from each of the countries concerned could talk the problem over face to face and develop the possibilities and difficulties which meet them in the way of reaching an international agreement. As a result of these conversations, it is hoped that a tentative understanding can be reached among the exporting countries so that when the World Economic Conference itself meets at London and representatives of all countries are present, part of the way will already have been cleared for reaching an agreement on action on the wheat problem. The formal procedure will be for the Geneva meeting of experts to suggest the agenda with reference to

wheat. This will then be gone over by the general committee of experts which convenes at Geneva immediately thereafter to prepare the final agenda for the London conference.

The problems which will have to be faced in the discussions of the experts at Geneva are many and varied:

1. Should an agreement for wheat control operate through acreage, through production, through exports, or through a combination of these?
2. Should similar agreements by the Danubian countries be requested?
3. What place should be left for Russia to participate in case arrangements should later be made for Russia to enter into the agreement?
4. What should be the basis for allocating reductions in existing acreage, production, or exports or for setting new quotas?
5. Should the wheat importing countries participate in the agreements?

These, and many other knotty problems will have to be discussed at the Geneva Conference. If the experts from the exporting countries are able to reach tentative conclusions which appear to be satisfactory on these points, further conversations may take place between the exporting countries and important importing countries to explore their joint problems in this connection. The scope of this second meeting and the countries which will be invited to participate cannot be determined, however, until the initial meeting of experts has been completed. In conducting the conversations and in trying to reach tentative conclusions, the experts who have been invited from the four exporting countries will have the assistance of the members of the Economic Section of the Secretariat of the League of Nations.

